Exhibit 7

The Union Leader (Manchester, NH)

December 12, 2009 Saturday

SECTION: Pg. 01

LENGTH: 645 words

HEADLINE: Proposed CMC deal given boost

BYLINE: MARK HAYWARD, New Hampshire Union Leader

BODY:

New Hampshire Union Leader

MANCHESTER -- The independence of Catholic Medical Center would not be threatened under a proposed affiliation with Dartmouth-Hitchcock, a former assistant attorney general says in an analysis commissioned by the hospital and released yesterday.

In his report, Walter L. Maroney contrasted the proposed affiliation with the 1990s merger of CMC and its crosstown rival, Elliot Hospital. The merger dissolved in 1999 over the incompatibility of secular and Catholic health care and the gutting of the West Side hospital.

Maroney said he is OK with CMC's proposed partnership with Dartmouth-Hitchcock.

"I actually see this as a method for cooperation among equal and independent groups," Maroney said yesterday.

Maroney worked on the Optima dissolution as an assistant attorney general. CMC hired him to research and write the analysis, and the hospital plans to post it on www.ahealthiertomorrow.org. Maroney would not say how much he was paid.

Opponents of the affiliation dismissed his findings.

"This may not be Optima, but it's very similar to Optima," said Save CMC leader Andy Martel. "Back then you had a secular hospital trying to take over a Catholic hospital. What's changed?"

Right-to-Life activist Barbara Hagan said CMC has yet to follow Maroney's suggestion of last month: to release three ethical analyses of the proposed affiliation and be as transparent as possible.

Hospital spokesman Gail Winslow-Pine said it's up to the Diocese of Manchester to release the ethical reviews. Meanwhile, CMC intends to hire a fourth ethicist to review the documents and publicize the review, she said.

In his analysis, Maroney said many protections are written into the affiliation documents to ensure the independence of Catholic Medical Center.

â[#x20ac]¢ The hospital itself would retain its own board of directors. And CMC officials or appointees would have a majority on the board of directors of Catholic Medical Center Healthcare System, which would be the common parent for the hospital and Dartmouth-Hitchcock Manchester clinic.

â[#x20ac]¢ Rather than dodge issues related to Catholic health care, the proposal confronts them outright and says CMC and most of the clinic would comply with Ethical and Religious Directives of the Catholic Church.

â[#x20ac]¢ The bishop of Manchester and his successors would retain control over CMC Healthcare System bylaws, trustee appointments, mergers, appointment of a chief-executive, future mergers and sale of substantial assets. The Optima structure had stripped the bishop of his authority over the organization.

â[#x20ac]¢ The regional entity Dartmouth-Hitchcock Health would have its own powers that "are not insignificant, but are also far from comprehensive," Maroney wrote. It would have approval power over CMC Healthcare System trustees, the chief-executive, affiliations and budgets, but it could initiate very little.

â[#x20ac]¢ Dartmouth-Hitchcock Health would not be able to touch current assets and endowments of CMC. It could use post-affiliation surpluses, and only with the approval of CMC Healthcare System trustees. Surplus Manchester dollars would have to be spent on services that complied with Catholic health care guidelines.

â[#x20ac]¢ The agreements include a process for splitting up.

Maroney raises one red flag. He warned that if enough of the clinic's procedures were curtailed in order to accommodate Catholic health care practices, the charitable mission of Dartmouth-Hitchcock could be compromised. Dartmouth-Hitchcock has never performed abortions at its Manchester clinic and has pledged not to do so.

But CMC and Dartmouth-Hitchcock have yet to list the medical services that would violate Catholic health care guidelines but still be available at the Dartmouth-Hitchcock Manchester clinic.

Winslow-Pine said both organizations are working on a list of those procedures. It should be completed within the next month, she said.

LOAD-DATE: December 13, 2009 Sunday

Duluth News Tribune
Found on DuluthNews.com
Duluth News-Tribune (Minnesota)

September 7, 2001 Friday FINAL EDITION
Correction Appended

SECTION: FRONT; Pg. 01A

LENGTH: 1345 words

HEADLINE: FAITH PERMEATES HOSPITAL MERGER;
MILLER-DWAN STRIVES TO PREVENT CATHOLIC INFLUENCE FROM LIMITING PATIENT CHOICES

BYLINE: Melanie Evans, News Tribune staff writer

BODY:

God and faith figured prominently in the final stretch of merger talks between Miller-Dwan Medical Center -- a hospital with no previous religious ties -- and St. Mary's/Duluth Clinic Health System.

The reason: An interfaith marriage is tricky business. And in health care, the union of secular and sacred can mean big changes for patients.

Miller-Dwan and SMDC's contract includes a handful of stipulations to prevent SMDC's connection to the Catholic Church from curbing services at Miller-Dwan, including one clause added after a packed public hearing on the matter.

"We needed to have as much assurance as possible," said Lynn Fena, a member of Miller-Dwan's Board of Directors and a Duluth city councilor.

On Wednesday, a Minnesota district court judge approved the merger, clearing the way for it to happen at any time.

SMDC owns six corporations, with Miller-Dwan soon to become its seventh.

Three of its nonprofits, St. Mary's Medical Center, St. Mary's Hospital of Superior and Polinski Medical Rehabilitation Center, are sponsored by the Catholic Church.

Hospitals owned or sponsored by the Catholic Church must adhere to a 70-point list of religious and ethical directives, which cover everything from emergency baptisms to birth control.

The directives ban contraception. Artificial insemination is prohibited. Forbidden, too, are tubal ligations, vasectomies and some health care options for the dying.

FAITH PERMEATES HOSPITAL MERGER;MILLER-DWAN STRIVES TO PREVENT CATHOLIC INFLUENCE FROM LIMITING PATIENT CHOICES Duluth News-Tribune (Minnesota) September 7, 2001 Friday FINAL EDITIONCorrection Appen

In the case of less direct relationships, such as those between church-sponsored hospitals and their secular partners or owners, the scope of Catholic influence isn't as clear-cut.

SMDC's remaining corporations -- the Duluth Clinic Education and Research Foundation, the Duluth Clinic, the Physicians' and Surgeons' Liability Insurance Co. and soon Miller-Dwan -- must follow limited rules.

For example, abortions, physician-assisted suicide and euthanasia remain off-limits -- even to those with a limited relationship with the Catholic Church.

And remaining questions about health care services that conflict with Catholic teachings, such as sterilizations, must be negotiated -- and approved by the church.

This condition protects the church from indirectly participating in services that counter Catholic teachings.

Not all deals have passed muster.

A spate of unsatisfactory deals between the church and its more independent partners prompted the U.S. Conference of Catholic Bishops to tighten its rules for sterilizations in June, which may require changes to some already cemented deals.

That's what worried Fena, Miller-Dwan's board and a group of citizens who earlier this year demanded a concrete guarantee Miller-Dwan remain secular -- regardless of the church's changing rules.

Preserving the teachings

"The church is simply striving to be faithful to the teachings of Christ," said Dennis Schnurr, Bishop of the Catholic Diocese of Duluth.

"We cannot but be faithful to the mission entrusted to us," he said. "It can't be a matter of negotiation, of compromise. To do that is to abandon the very truth that is entrusted to us."

Faith permeates the personal and professional decisions for Catholics, he said. "We want to use the knowledge and skills that God has given us, as God intended."

It is this precept that requires the faithful to balance the church's teachings against what is possible. The two aren't always in agreement, Schnurr said, citing advances in science and medicine -- and mergers between Catholic and secular hospitals -- as examples.

Schnurr sought out a Catholic theologian to wade through the details of the merger contract with Miller-Dwan. SMDC hired a canon lawyer.

As science and medicine present new treatments and procedures, each must be measured against Catholic teachings.

"The world continues to evolve and change. The teachings of Christ remain constant."

The same is true for deals between Catholic health providers and nonreligious partners, he said.

As these unions mature and grow, the bishops may need to revise the handbook containing the 70 ethical and religious directives for Catholic health care services.

"This is a pioneering document," Schnurr said. "It is inevitable that the church is going to be challenged again and again."

Medicine as moral enterprise

Religion, faith and personal values have a well-established place in health care, said Dr. Steven Miles, a professor of medicine at the University of Minnesota Twin Cities Center for Bioethics.

Patients rely on personal beliefs to sort through complex medical problems, he said.

Miles offered an example from his own practice. Two older men with the same inoperable, fatal illness made dramatically different choices about fighting the disease in their final months.

The first man, without family, asked only that he be kept comfortable as he died. The second patient, a father, insisted that he see his son graduate from college -- the first member of his family to do so. Do whatever it takes to get me to that graduation, he told Miles.

The dying patients shared a diagnosis. Miles made the same treatments available to both men. "There was no medical fact that determined their care," Miles said. Instead, each made choices based on personal experience and beliefs.

"Medicine is a moral enterprise," he said. "Values permeate the entire decision."

Religious hospitals give the devout a place to receive care that mirrors their beliefs, he said.

But when a religiously affiliated hospital monopolizes care -- either as the lone facility for a town or as a single provider for an insurance plan -- it may infringe on patients' rights.

Choices for patients

Outcry over a possibly overwhelming Catholic influence altered the terms of Miller-Dwan's final contract, Fena said.

The deal already contained conditions to keep the hospital independent, she said.

Among those conditions, the contract contains a provision that explicitly protects "Reproductive Medical Services" at Miller-Dwan; the hospital must ensure such health care is available in Duluth should Miller-Dwan choose to stop providing the service.

Miller-Dwan, not SMDC or the Catholic Church, will set the terms and conditions for doctors who apply to practice at Miller-Dwan, said William "Buzz" Palmer, the 62-year-old president of Miller-Dwan.

Both parties agreed, in writing, that the merger was crafted to respect Miller-Dwan's secular roots.

Andreas Miller, former Duluth mayor, gave the city $600,000 in 1917 to create a hospital "in a cheerful and convenient location within the City for secular use."

During a packed public hearing in January, angry and skeptical residents pressed Miller-Dwan to produce a written promise the hospital would remain free from Catholic rules curbing medical services.

At the time, St. Luke's, the only remaining hospital in Duluth, also was talking with a Catholic suitor. St. Luke's and Ministry Health Care have since broken off negotiations.

Several cited an example that hit close to home: an ongoing review by the Conference of Bishops of non-religious merger partners that perform sterilizations.

Worried the merger lacked sufficient protection against religious influence, the board added a final provision to the deal, Fena said.

This additional stipulation gave a newly created Duluth nonprofit -- Generations Health Care Initiatives -- the legal right to sue Miller-Dwan and its parent company if the hospital ever converts, or adopts, religious guidelines.

Generations, itself a product of the merger, was created in August with $13 million, or one-fourth, of Miller-Dwan's assets. Miller-Dwan's board members transferred to the board of the new organization as well.

Fena said the contract falls short of an absolute guarantee. But Generations' authority to intervene creates some oversight previously lacking from the deal.

"This is the strongest we could have made it," she said.

Melanie Evans covers health care issues. She can be reached weekdays at (218) 720-4154 or by e-mail at mevans@duluthnews.com

NOTES: SMDC: MILLER-DWANMERGER
Thursday: An overview of the pending merger
Today: Catholic theology's role in the union
Saturday: How SMDC's growth affects hospitals across the region

CORRECTION-DATE: September 7, 2001

CORRECTION:
A Friday story, "Faith permeates hospital merger," incorrectly spelled Polinsky Medical Rehabilitation Center.

The News Tribune regrets the errors.

GRAPHIC: PHOTO: Bob King, News Tribune;
The exterior of St. Mary's Medical Center features a statue of St. Mary near the hospital's Third Street entrance. Faith has affected merger talks between the secular Miller-Dwan Medical Center and Catholic- affiliated St. Mary's, Duluth Clinic Health System.

LOAD-DATE: November 29, 2001

Newsday (New York)

February 4, 1998, Wednesday, NASSAU AND SUFFOLK EDITION

SECTION: NEWS; Page A30

LENGTH: 579 words

HEADLINE: TAKEOVER DEAL FOR 2 HOSPITALS

BYLINE: Roni Rabin. STAFF WRITER

BODY:

Two hospital systems yesterday announced they have joined forces for the first time to take control of two community hospitals - Mid-Island in Bethpage and Massapequa General in Seaford - emerging as a potentially formidable competitor to the North Shore-Long Island Jewish Health System.

While the deal, announced yesterday by the Winthrop South Nassau University Health System and Catholic Health Services of Long Island, promises to keep the two ailing hospitals open, the implications for local communities are mixed. The possibility of layoffs has not been ruled out, and both hospitals will be forced to stop offering services frowned upon by the church, including abortions at Mid-Island and sterilizations and tubal ligations at both hospitals.

The arrangement brings the total number of hospital beds controlled by the Winthrop and Catholic systems to 2,725, or about one-third of all licensed beds on Long Island, roughly the same number of beds controlled by North Shore-LIJ.

"I think we'll have the premier choice on Long Island in terms of the hospitals represented in our larger network . . . and will be well-positioned, geographically, financially and quality-wise," said Martin Delaney, co-chief executive of the Winthrop South Nassau system. "My expectation is that we would compete very well with anybody."

The move, announced exactly one year after Catholic Health Services and Winthrop South Nassau joined forces, comes as hospitals merge into increasingly larger systems in order to compete in a marketplace that favors cost-efficient networks with a full spectrum of medical care.

Both Mid-Island and Massapequa already have clinical affiliations with Winthrop, an academic medical center that provides its patients with specialized care in areas such as cardiology, neurology and neonatal intensive care.

Abortion-rights proponents, however, immediately expressed concern yesterday that the new arrangement would restrict reproductive services, especially for women. Although Massapequa does not have a maternity ward and performs only a handful of sterilizations a year, Mid-Island will have to stop offering both abortion and tubal ligation services.

"This is very disturbing," said Karen Pearl, chief executive of Planned Parenthood of Nassau County. "Gynecological services are the bread and butter of women's lives . . . A lot of the women who use these hospitals aren't even Catholic."

The new governance arrangement, called sponsorship, enables Winthrop and Catholic Health Services to control Massapequa and Mid-Island by appointing new boards whose members will include representatives of the two hospital systems and the local community hospital. In the process, the two hospitals will be converted to not-for-profit institutions.

Like other stand-alone institutions, the two hospitals were at a disadvantage when it came to negotiating with powerful managed-care companies. In 1994, a state report predicted Massapequa General Hospital would be among three central Long Island hospitals to close, and last year, Mid-Island declared bankruptcy.

Ronald Aldrich, president and chief executive of Catholic Health Services, said both hospitals would have to become more cost-efficient. "Layoffs are certainly a possibility, although we have not determined how many and when," Aldrich said, adding that the systems plan to keep the hospitals open. "Nothing can be promised forever, but it is our intent to do that."

LOAD-DATE: February 4, 1998

July 9, 1994

SECTION: Vol 11; No 40; Sec 1; pg 1

LENGTH: 1195 words

HEADLINE: Mixing Catholic, secular hospitals a delicate balancing act

BYLINE: Julie Sneider

DATELINE: Milwaukee; WI; US

BODY:

The board of directors at Victory Medical Center in Stanley read the handwriting on the wall nearly two years ago.

Officials of the 41-bed independent, community-owned hospital in northern Wisconsin knew if Victory was to continue providing medical care to the local population of 15,000 to 20,000, it would have to join a bigger health care system.

Informal talks with numerous candidates led to the hospital's announcement June 28 that it would negotiate with Sisters of the Sorrowful Mother Ministry Corp. (SSM), a Milwaukee-based Catholic health care system. Saint Joseph's Hospital of Marshfield, a member of the SSM system and located about 50 miles from Stanley, will serve as the system's "principal link" with Victory.

Although Victory is a community-owned, nonsectarian hospital, its decision to negotiate with the Catholic system shouldn't have been surprising, said C. Vincent Cassiani, Victory's chief executive officer. The Stanley hospital has had a long-standing relationship with Saint Joseph's.

But a key issue in those negotiations will be how Victory can maintain its nonsectarian identity and still be allied with SSM.

"Although there's a tremendous Catholic influence in the (Stanley) area, there are other religious denominations of equal importance," Cassiani said. "The board felt it wanted to maintain the hospital's nonsectarian position."

As market-driven health reform forces hospitals and other medical providers to join large health care delivery systems, Catholic and non-Catholic institutions increasingly are finding they have to manage a delicate balancing act: how to work out partnerships and business deals without compromising religious beliefs or cultural identities.

Victory-SSM is just the latest example.

Since 1975, Catholic hospitals that were weighing mergers or affiliations with other organizations have relied on "Ethical and Religious Directives for Catholic Health Care Facilities," a series of directives developed by the National Conference of Catholic Bishops/U.S. Catholic Conference.

The bishops currently are revising the directives to address joint ventures or collaborations between Catholic and non-Catholic health care facilities.

The Catholic Health Association, which represents more than 1,200 Catholic health care facilities and systems throughout the United States, also is preparing guidelines on how Catholic providers can maintain their Catholic identity, as new models of health care delivery emerge under market- and government-driven reform.

In the case of Victory Medical Center and SSM/Ministry Corp., the church directives for health care facilities were placed on the negotiating table right away and quickly resolved.

For instance, Cassiani said, SSM officials pointed out that they could not affiliate with a hospital that performed abortions or sterilizations. That wasn't even an issue for Victory's board, because the hospital doesn't perform abortions and has done few sterilizations due to lack of demand, he said.

However, if greater demand for sterilization procedures surfaces in the future, Victory could develop a separate, free-standing facility to offer those services.

So far, Cassiani said, the church's ethical and religious directives haven't hindered Victory and SSM's discussions.

SOMETIMES, A BARRIER

But they have been -- and continue to be -- a barrier in other cases.

In its search for a local partner, St. Mary's Hospital-Milwaukee wouldn't consider Aurora Health Care, in part because the Milwaukee system has a policy of not dictating to its hospitals what procedures they can or can't do, including abortions.

"It's a governance issue," said Diane De La Santos, Aurora's vice president of public affairs. "Aurora affiliates have a certain amount of autonomy. Aurora doesn't have clinical policies that it dictates to its providers."

Earlier this year, after discussions faded with Covenant Healthcare System Inc., another Catholic system based in Milwaukee, St. Mary's agreed to affiliate with Horizon Healthcare Inc., Wauwatosa. St. Mary's is the first Catholic member of that system.

Under the affiliation agreement, Horizon hospitals agreed not to perform abortions or assist in suicides. Also, St. Mary's will not share in any revenue generated by sterilization or in vitro-fertilization programs at the other Horizon facilities.

"It's important before you go into any relationship that you put your parameters in place and know what your expectations are," said Sister Renee Rose, chief executive officer of St. Mary's. "In our case, one of the first things we said was we want to retain our Catholic identity."

COMMITMENT AND CONTROL

St. Mary's doesn't want to force its beliefs on Horizon's other members, Rose said. But in any relationship it forms, she said, St. Mary's can't jeopardize its mission or its commitment to Catholic church teaching.

"Every organization brings with it a value system and a culture," said Kurt Metzner, Horizon's chief executive officer. "In the case of St. Mary's, it's the Catholic heritage and a commitment to Catholic ministry.

"Other organizations bring other values and missions into the system, and those things have to be considered in putting together various partnerships."

For Catholic Health Corp., the Omaha, Neb.-based parent of Trinity Hospital in Cudahy and St. Catherine's Hospital in Kenosha, the question of whether an affiliation takes place with a non-Catholic entity would depend on how much control the Catholic hospital would have in the relationship.

"We look at (the question of) do we have enough control over our own facilities," said Diane Moeller, Catholic Health

Corp.'s chief executive officer. "Will we be able to integrate our value system, our philosophy, our tradition in everything the facility does? ... It goes way beyond procedures" like abortions.

A CULTURAL, NOT CATHOLIC, THING

But some health care industry officials say bringing together Catholic and non-Catholic institutions isn't any more or less difficult than any other attempt to make a match between different corporate cultures.

"It's really not a Catholic, non-Catholic thing. It's a matter of any two organizations and how different their cultures and beliefs are," said G. Edwin Howe, chief executive officer of Aurora Health Care. "The question is, can they develop a common understanding or agreement about what can or can't be done."

But Sister Rosemary Sabino, president and chief executive officer of Catholic Health Association of Wisconsin in Madison, disagreed.

"Where Ed (Howe) is right is that there's probably no difference in working out corporate cultures, that corporate culture sometimes is a matter of chemistry," Sabino said. "Where I disagree is that there are some non-negotiables on the Catholic side with regard to corporate culture. Abortion, for instance, is just nonnegotiable.

"The Catholic faith tradition is just non-negotiable."

Sabino predicted Aurora's policy of not dictating what clinical procedures its hospitals can or can't perform would prove a "stumbling block" in the Milwaukee system's efforts to form alliances with Catholic facilities.

UMI-ACC-NO: 9466029

LOAD-DATE: October 27, 1995

Modern Healthcare

June 06, 1994

SECTION: Pg. 32

LENGTH: 2984 words

HEADLINE: CHURCH PUTS FAITH IN SYSTEM MERGERS IN LIGHT OF HEALTHCARE REFORMS, CATHOLIC HOSPITALS FACE THE CHALLENGE OF NON-CATHOLIC COLLABORATIONS

BYLINE: By Bruce Japsen

BODY:

The U.S. Justice Department's clearance of a merger in today's evolving healthcare business climate could seem divine. But it's a testament of another kind that has the largest not-for-profit provider in healthcare-the Roman Catholic Church-searching for ways to keep pace with reform-induced changes.

As market pressures fuel unprecedented numbers of mergers and collaborations, Catholic hospitals are faced with harmonizing business deals within the scope of their Ethical and Religious Directives for Catholic Health Facilities.

And, for the first time later this year, the bishops who author the directives will address Catholic healthcare facilities' efforts to collaborate with facilities not sponsored by the church.

"Catholic hospitals need to realize it's not about control anymore," said Bain Farris, chief executive officer of St. Vincent Hospitals and Health Services, Indianapolis, which joined in March with Community Hospitals Indianapolis, a non-Catholic system, to form the largest hospital system in Indiana. The new system, Collaborative Health Services, includes five hospitals with $900 million in total assets.

Some in Catholic healthcare say their activity to further collaborate and consolidate in the managed-care environment is no different than what other hospitals are doing.

But Catholic hospitals may have more to gain. Or more to lose.

"This is one of the most critical periods for Catholic healthcare," said Sister Margaret Mary Modde, a canonical consultant at the Chicago law firm of McDermott, Will and Emery.

Branching out. With some 570 Catholic hospitals, the church accounts for 14% of the nation's acute-care beds and 10% of the acute-care hospitals, according to the Catholic Health Association.

Government-owned hospitals aside, Catholic hospitals are the largest not-for-profit player in healthcare with more than $32 billion in revenues, according to MODERN HEALTHCARE's 1994 Multi-unit Providers Survey (May 23, p. 36).

But many Catholic healthcare executives are concerned they could lose their standing unless they reach outside the denomination.

"The thought that we're just going to do relationships with Catholic hospitals is gone," Mr. Farris said. "If we just do business with Catholics, we're not going to be around."

Unfortunately, some Catholic hospitals are finding that deals can disintegrate for non-business reasons.

A recent merger between three hospitals in Portland, Maine, fell apart after six months of discussions.

A key issue of concern for Portland's Mercy Hospital, a 200-bed Catholic-sponsored facility, was being associated with a system that allowed abortions, said Howard Buckley, Mercy's president (March 28, p. 6). Mercy is a member of the Philadelphia-based Eastern Mercy Health System that's owned by Sisters of Mercy of the Americas.

The proposed merger involved 598-bed Maine Medical Center and Brighton Medical Center, a 122-bed osteopathic facility.

Thus, the challenge remains for Catholic healthcare executives and those dealing with Catholic facilities to work within the ethical and religious directives.

The directives pertain predominantly to medical issues, such as forbidding sterilizations, abortions and in vitro fertilizations. But they become business guidelines for bishops in each diocese.

"Abortion, that is, the directly intended termination of pregnancy before viability, is never permitted nor is the directly intended destruction of a viable fetus," according to the directives.

The directives were last approved in 1971, and briefly revised in 1975, by the National Conference of Catholic Bishops/U.S. Catholic Conference.

Guidance sought. The bishops currently are rewriting the directives, and Catholic healthcare executives are quietly hoping they will give them some guidance later this year on how to collaborate with non-Catholic facilities.

"The directives are offered to the bishops, and they use them to guide their own policy in the diocese," said the Rev. Augustine Dinoia, a priest and executive director of the secretariat for doctrine and pastoral practice for the National Conference of Catholic Bishops/U.S. Catholic Conference in Washington.

The new directives are expected to encourage bishops to be more involved in the healthcare institutions of their individual diocese.

"There's a reluctance on the part of the bishops to say too much on a national scale because the specific hospitals and healthcare institutions deal with specific situations in the various locales," Father Dinoia said. "The reason for the bishops' reluctance to be specific on national directives is that the hospitals and health-care people tell us" about the variance from market to market, he said.

The bishops, who must sign off on all final decisions on Catholic healthcare mergers or collaborations, announced last month the formation of an "Ad Hoc Committee on Catholic Health Care Ministry." The panel will serve as a resource for bishops to address "increasingly challenging, difficult and complicated issues," said Baltimore Archbishop William H. Keeler. "Among these issues are the consolidation of Catholic hospitals or their networking with other hospitals that do not share the same ethical principles."

When the new directives are issued later this year, the bishops aren't likely to budge on the abortion issue. Father Dinoia said any final draft of the directives could be changed as late as the day it's voted on by some 300 U.S. Bishops. An October vote is expected.

"The bishops are not going to give on abortions," Sister Modde said.

CHURCH PUTS FAITH IN SYSTEM MERGERS IN LIGHT OF HEALTHCARE REFORMS, CATHOLIC HOSPITALS FACE THE CHALLENGE OF NON-CATHOLIC COLLABORATIONS Modern Healthcare June 06, 1994

In the case of a Catholic healthcare facility linking with a non-Catholic, Sister Modde said the formula for a successful deal must involve the bishop.

Dealing with the directives. Catholic-sponsored health systems have learned to work within the 20-year-old directives. Some successful Catholic/non-Catholic arrangements have had the local bishop's blessing from their inception.

St. Joseph's Hospital and Medical Center in Phoenix, Ariz., a division of Catholic Healthcare West, helped form the Arizona Healthcare Alliance. Executives at St. Joseph's, the only teaching hospital in the eight-hospital alliance, attribute part of their success to keeping Phoenix Bishop Thomas O'Brien apprised of the negotiations.

Along with 493-bed St. Joseph's, five other hospitals or systems with a total of more than 1,100 acute-care beds are in the alliance: Chandler (Ariz.) Regional Hospital; Lutheran Health System, which includes Mesa Lutheran and Valley Lutheran; Phoenix Memorial Hospital; Baptist Health System, which includes Arrowhead Community Hospital in Glendale and Phoenix Baptist Hospital and Medical Center; and John C. Lincoln Hospital and Health Center, Phoenix. Each system has a physician-hospital organization.

The alliance's bylaws were written in such a manner that the other hospitals would support St. Joseph's mission, but St. Joseph's would not be involved in sterilization or abortion services. If such a procedure were requested by a third-party payer, that payer would have to contract separately with a non-Catholic facility and couldn't contract with the alliance.

The alliance, formed in July 1992, has grown to cover 17,000 lives. By July 1, the alliance will add another 23,000, said Ken Diamond, vice president for managed care at St. Joseph's.

"The increase (in lives covered) has come through some acquisition of smaller PPOs and the (insurance) broker community," Mr. Diamond said. "A lot of the smaller employers use brokers, and the brokers are viewing the alliance favorably."

The alliance is projecting a loss of $185,000 for fiscal 1994, which ends June 30. Its operating budget, paid by system members, is about $780,000 a year. Alliance members attribute the initial loss to start-up costs and predict a positive bottom line in the last quarter of fiscal 1995, Mr. Diamond said.

Staying separate. In Springfield, Ohio, merger discussions involving Mercy Health System and non-Catholic 199-bed Community Hospital of Springfield resulted in a preliminarily agreement to build a separate facility for sterilizations such as tubal ligations and vasectomies. Community intends to merge with the Western, Ohio-based system, which includes 218-bed Mercy Medical Center in Springfield and 73-bed Mercy Memorial Hospital in Urbana.

Community's parent, Community Hospital Health Services Foundation, will set up a subsidiary structure in order to continue allowing sterilizations. Executives still have to iron out the costs of the new facility but said it will be located on foundation property. It will be

owned by the foundation and separate from the merged entity that includes Catholic assets.

"The foundation actually owns the ground, so the (new) facility could be right on the campus; it just can't be part of it," said Stephen Westlake, regional vice president of planning and marketing for Mercy Health System, which is owned by the Cincinnati-based Mercy Health Systems.

Rather than compromise their missions, Catholic hospitals are looking for creative ventures that allow them to maintain their identities.

Addressing differences.In Indianapolis, a closely knit collaboration cleared a major antitrust hurdle earlier this year when investigators cleared the consolidation of St. Vincent Hospitals and Health Services, a Catholic system owned by the Daughters of Charity National Health System, and Community Hospitals Indianapolis. They formed Collaborative Health Services of Indianapolis (March 21, p. 8).

CHURCH PUTS FAITH IN SYSTEM MERGERS IN LIGHT OF HEALTHCARE REFORMS, CATHOLIC HOSPITALS FACE THE CHALLENGE OF NON-CATHOLIC COLLABORATIONS Modern Healthcare June 06, 1994

The two systems settled several ethical issues in order to proceed with the collaboration. For example, Community Hospitals' east-side facility no longer performs abortions. However, all Community Hospitals will do in vitro fertilizations.

The assets of the two systems stay separate so each will keep its own name and identity.

With two acute-care hospitals, a facility for the mentally disabled and a psychiatric hospital, St. Vincent holds 60% of the assets of the new umbrella corporation. Community, with three acute-care hospitals, has the remainder.

Although one system has more assets, the new corporation's board will have an equal number of trustees: eight from each partner (See chart, p. 33).

"We don't have to control 51% of everything we're involved in," Mr. Farris said. "Catholic hospitals should be concerned about the future of Catholic healthcare."

All the revenues from the hospitals will come into the new holding company. The surplus or loss will be divided based on current assets of each hospital system.

"We complement each other," Mr. Farris said. "Neither of us had to do this for financial reasons, but we thought it was the right thing to do."

The new venture creates the largest health system in Indiana with $900 million in total assets and 1,700 acute-care beds. It also will control more than one-third of Marion County's acute-care market. Of their combined operating budgets of $680 million, executives expect "substantial" savings in administrative and clinical areas.

In 1993, St. Vincent Indianapolis Hospital and Health Care Center had net income of $31.9 million on net revenues of $377 million, according to HCIA, a Baltimore-based healthcare research firm. Community Hospitals reported net income of $23.4 million on net revenues of $285.4 million in 1993, HCIA said.

Executives at both systems were particularly delighted that the Justice Department reviewed the collaboration in less time than expected.

Keeping the faith. Mr. Farris said the major breakdowns of collaborations and mergers between Catholic and non-Catholic hospitals has come from Catholics asking, "Am I going to give up my Catholic background and faith and tradition?"

The answer, Mr. Farris says, is "no."

Executives at both systems said they are giving up some control.

"I believe individuals hide their organizations behind some of these religious and antitrust constraints for the purpose of not doing something together," said William Corley, president of Community Hospitals. "The benefit to the community will be far greater, and at the same time religious hospitals need to focus more on influencing the larger organization than controlling a smaller organization."

The Indianapolis collaborative network is just shy of a merger, analysts said.

St. Vincent's owners, the Daughters of Charity, had to approve the collaborative network. The congregation has divided its hospitals into four regional organizations, where regional boards are working on collaborative arrangements.

On Feb. 22, the Justice Department asked for another 30 days to review the deal but didn't take the full time. Both systems filed antitrust papers with the department on Dec. 23, 1993.

"It used to be a whole merger of the balance sheet and now this (Indianapolis collaboration) is more of a merger of the bottom line," said Diane Moeller, chief executive officer of Omaha-based Catholic Health

Corp., which includes 40 acute-care hospitals and 60 long-term-care facilities. Those facilities are either affiliated with CHC by their religious sponsors or sponsored by CHC directly.

Caution urged. Ms. Moeller said hospitals should be careful before entering collaborative ventures and must consider how their facilities will operate after a deal is made.

"These kind of arrangements are new and untried," Ms. Moeller said. "They are not trials; they are marriages."

Ms. Moeller has been the top executive at CHC since 1987. Before that, she was vice president of member services at St. Louis-based Catholic Health Association for more than four years.

"You are not going to pull them apart once they are together. I think people are looking real hard before they make that move."

Many analysts in Catholic healthcare believe it's too early to tell what the future will hold for Catholic and non-Catholic partnerships.

"There's a lot of anxiety on all parts because no one can tell you their future or where they're headed," said William Cox, vice president of the division of government services at the CHA's Washington office.

"There is enormous capacity in Catholic healthcare, and we believe that our future lies in integration," Mr. Cox said. "We do know that the end of the '90s will not look like the beginning."

GRAPHIC: Mr. Corley Ms. Moeller Mr. Diamond Mr. Farris Sister Modde Collaborative Health Service of Indianapolis Organizational structure (graphic)

LOAD-DATE: June 15, 1994

September 7, 1992

SECTION: Vol 11; No 27; Sec 1; pg 6

LENGTH: 817 words

HEADLINE: Two Montco Hospitals Form Partnership to Mesh Services

BYLINE: John George

DATELINE: Norristown; PA; US

BODY:

Two Norristown-area hospitals have formed a new parent corporation to coordinate activities in the Montgomery County community they both serve. They hope to duplicate the success they had with the creation of a free-standing cancer center.

Norristown Regional Health Services will oversee Sacred Heart Hospital in Norristown and Suburban General Hospital in neighboring East Norriton.

Arthur C. Godin is stepping down as president of Sacred Heart, a post he held for the last 19 years, to become president of NRHS.

"A couple of years ago we tried to put together some kind of structured partnership, but we weren't able to do it," said Godin, referring to a plan that also included Montgomery Hospital in Norristown. "Then about six months ago we started talking again (with Suburban General). We both thought the idea we had two years ago was still a good one and we began looking at ways the two hospitals could do something."

In 1988, they opened the Norristown Regional Cancer Center as a joint venture.

Edward R. Solvibile, president of Suburban General, said once the two hospitals started talking again they found a lot of areas where joint planning could benefit both facilities. What they needed to do was create a vehicle for exploring those plans.

"What they came up with was NRHS. The corporation will have 12 directors, Six from each hospital. M. Warren Bolton, chairman of the board of Suburban General, will be chairman of NRHS. Scared Heart Chairman Francis D. Caffrey will be vice chairman of the new corporation. Taking over for Godin as president of Sacred Heart will be J. Russell Walsh, who has been with the hospital since 1973, most recently as executive vice president and chief operating officer

"What we'll be looking at is joint activities where the operating costs at the two hospitals can be reduced and access can be improved," Godin said. "The organization is very new at this point, so I don't have a business plan I could show you....We'll be looking to eliminate unnecessary duplication of services."

Areas to be investigated include joint purchasing of medical supplies and equipment, buying insurance policies on behalf of both hospitals to cut premiums, and hiring a biomedical engineer to service diagnostic and laboratory equipment.

Godin said he expects the partnership will have the long-term benefits of helping both hospitals respond to pricing pressures from managed-care organizations.

The NRHS scheme is similar to the creation of Crozer-Keystone Health System by Crozer-CheSter Medical Center and Delaware County Memorial Hospital in July 1990.

Both Suburban General and Sacred Heart will remain independent hospitals with distinct traditions. The 234-bed Sacred Heart, for instance, will continue to comply with ethical and religious directives approved by the National Conference of Catholic Bishops for Roman Catholic health facilities. The 150-bed Suburban General will continue its mandate of preserving ties with osteopathic medical colleges.

The two hospitals have been struggling in recent years. According to the Pennsylvania Health Care Cost Containment Council, Suburban General lost $ 887,000 in 1991 and Sacred Heart barely escaped the red ink, finishing the year with a $ 149,000 profit. Godin blamed the hospital's fiscal problems on low reimbursement rates for treating medical assistance patients and on rate discounts demanded by health maintenance organizations.

The formal partnership fortifies the history the two hospitals have in working together with the cancer center.

"The creation of the cancer center was economically driven," said Solvibile. "We were having trouble getting the equipment we needed and decided there had to be a better way to do it, so we worked together. What that led to was a mutual trust and mutual admiration that resulted in other collaborations."

Sacred Heart and Suburban General also teamed up to apply for a cardiac catheterization laboratory, now up and running at Sacred Heart.

The two hospitals, Montgomery Hospital, a physician's group and a private businessman also operate MRI Diagnostics in Norristown.

Though it is not part of the new corporation, Godin said the door has not been closed on Montgomery Hospital.

Of the three Norristown hospitals, the 282-bed Montgomery Hospital is the most fiscally sound, having posted a $ 2.3 million profit in 1991.

Harry Gehman, chief executive officer at Montgomery Hospital, said there are no plans currently to join the new corporation.

"There have been a number of hospital mergers in the Delaware Valley, some of which have been successful," Gehman said. "I'm sure this one will be successful and they see some cost savings with joint purchasing. But we're a member of Voluntary Hospital of America (a national consortium of hospitals) and we're involved in joint purchasing programs with other member hospitals," he said.

GRAPHIC: Photo

UMI-ACC-NO: 9272882

LOAD-DATE: October 20, 1995